



INVESTMENT DEALERS  
ASSOCIATION OF CANADA

# bulletin



ASSOCIATION CANADIENNE DES  
COURTIERS EN VALEURS MOBILIÈRES

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*For distribution to relevant parties within your firm*

**BULLETIN # 3429**  
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## Discipline

### Discipline Penalties Imposed on Philip John E. Deans - Violations of By-law 29.1

Person Disciplined      A Hearing Panel appointed pursuant to By-law 20 of the Investment Dealers Association of Canada (IDA) has imposed discipline penalties on Philip John E. Deans who, at all material times, was a registered representative of BMO Nesbitt Burns Ltd. (BMO), a Member of the Association.

By-laws, Regulations, Policies Violated      According to a decision rendered on May 11, 2005, following a disciplinary hearing held on February 7 and April 27, 2005, in Montreal, Quebec, the Hearing Panel found Philip John E. Deans guilty of having engaged in business conduct unbecoming and detrimental to the public interest, contrary to By-law 29.1, on the following counts:

1. Between May 28, 1998 and November 30, 2001, the Respondent effected approximately 157 trades in the account of a client, without the client's knowledge and consent.
2. Between May 28, 1998 and November 30, 2001, the Respondent falsely declared as "unsolicited" 134 unauthorized trades effected by him in a client's account, without the client's knowledge and consent, suggesting falsely that these trades had been initiated by the client himself.
3. Between May 28, 1998 and May 28, 2002, the Respondent misled a client by providing him with false portfolio statements, showing the assets in his account to be higher than they actually were, even after all of the investments had been liquidated and the account showed a debit.

Penalties  
Assessed

The Hearing Panel assessed the following penalties against Philip E. Deans:

For Count 1 :

- A fine in the amount of \$40,000;
- Disgorgement of the commissions received for the discretionary trades, namely \$41,789.37;
- A 10-year ban on approval in any capacity with a Member of the Association;
- The requirement that he re-write and pass the examination based on the Conduct and Practices Handbook for Securities Industry Professionals within six months prior to his re-approval;
- The requirement that he undergo a period of 24 months of strict supervision in the event of his re-approval.

For Count 2 :

- A fine in the amount of \$25,000;
- A five-year ban on approval in any capacity with a Member of the Association;
- The requirement that he re-write and pass the examination based on the Conduct and Practices Handbook for Securities Industry Professionals within six months prior to his re-approval;
- The requirement that he undergo a period of 24 months of strict supervision in the event of his re-approval.

For Count 3 :

- A fine in the amount of \$60,000
- A permanent ban on approval in any capacity with a Member of the Association.

In addition, Mr. Deans is required to pay part of the Association's costs in this case, in the amount of \$15,000.

Summary of  
Facts

Mr. Deans was a sales assistant at BMO from 1993 to 1998.

M.M. was a client of BMO, and the designated registered representative for this client's accounts was J.F. until 1998. Mr. Deans was the sales assistant for J.F. and, in 1998, after he was approved as a Registered Representative, M.M.'s accounts were transferred to him, following J.F.'s retirement.

In January 1996, M.M. opened an offshore account with a bank in the Bahamas. M.M. had mandated Mr. Deans to represent him for the formalities of opening the account, but had not authorized him to give trading instructions on his account without his prior consent.

From May 28, 1998 to November 30, 2001, after he had been assigned M.M.'s offshore account at BMO, Mr. Deans himself effected approximately 157 unauthorized trades in the account, without M.M.'s consent.

Most of these trades (134) were falsely reported as being "unsolicited" orders received from the client, giving the impression that they had been initiated by the client himself.

The commissions charged to the client's account for the 157 unauthorized trades totaled around \$88,508.54 of which approximately \$41,789.37 were paid to Mr. Deans.

From time to time, Mr. Deans produced false portfolio statements for M.M. on his computer, so as not to reveal to the latter the trades that he had in fact effected in his account and, especially, the resulting decrease in the assets in the account.

In particular, the false portfolio statement that he sent the client on May 28, 2002, falsely stated that the assets held by M.M. in his offshore account were worth over US\$415,000, whereas there were no longer any assets in the account, the assets having been liquidated in February 2002; in fact, the account showed a negative balance of more than US\$25,000.

In July 2002, Mr. Deans met with M.M. and gave him a letter in which he confessed having effected unauthorized trades in his account. The Respondent then admitted all of the facts to several BMO officers.

M.M. was compensated by BMO, for the losses sustained by him due to the discretionary trades.

Mr. Deans has not been registered with an Association Member since his termination by BMO on July 31, 2002.

Kenneth A. Nason  
*Association Secretary*